



SUBCOMMITTEE ON BUSINESS DEVELOPMENT

Interim Meeting
Department of Environmental Quality

CHAIRMAN
REPRESENTATIVE GARY SMITH



ENVIRONMENTAL QUALITY

AGENDA

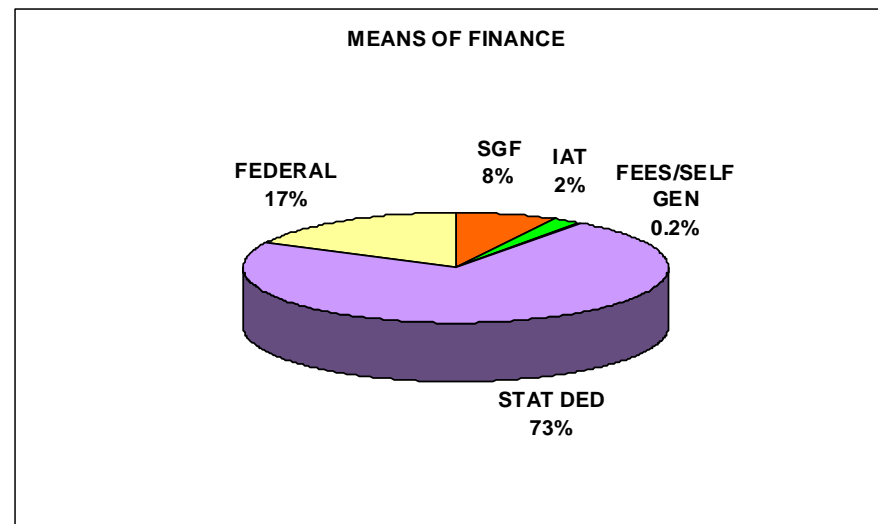
- Current Operating Budget
- Statutory Dedications
- Salaries and Positions
- Travel Expenditures



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BUDGET

- DEQ has an existing operating budget of \$156 million (after a \$1.8 million current year cut).
- \$115 million or 73% of the total budget is funded through statutory dedications and \$10.3 million or 8% of the total budget is from state general funds.





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| Environmental Quality Budget Comparison | | | | | |
|--|---------------------------|---------------------------------------|-----------------------|------------------|-------------------|
| Means of Finance | FY 07-08 Actual Budget | FY 08-09 Existing Operating Budget | FY 09-10 Requested | Change | Percent Change |
| State General Fund | \$12,763,848 | \$10,272,663 | \$12,365,841 | \$2,093,178 | 20.4% |
| Interagency Transfers | \$4,957,955 | \$3,217,847 | \$522,792 | (\$2,695,055) | -83.8% |
| Fees and Self-Gen Rev | \$78,350 | \$389,385 | \$389,385 | \$0 | 0.0% |
| Statutory Dedications | \$92,394,114 | \$114,529,307 | \$116,671,711 | \$2,142,404 | 1.9% |
| IEB | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Federal Funds | \$18,712,627 | \$27,692,804 | \$27,017,669 | (\$675,135) | -2.4% |
| TOTAL | \$128,906,894 | \$156,102,006 | \$156,967,398 | \$865,392 | 0.6% |



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Statewide Adjustments

| | |
|--------------------------------|----------------------|
| Salary Adjustments | \$1,603,676 |
| Inflation | \$162,341 |
| Group Benefits | \$213,114 |
| <u>Acquisitions/Major Rep.</u> | <u>(\$1,009,582)</u> |
| Total Statewide Adj. | \$969,549 |

The Acquisitions/Major Repairs number is a net adjustment. The total request for new acquisitions/major repairs is \$3.9 million, and a total of \$4.9 million was non-recurred from purchases that are being made in the current fiscal year.



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New and Expanded Programs

The department has elected not to request any funding for new and expanded programs.



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Discretionary vs Non-Discretionary Funding

| | | |
|-------------------|---------------|---------|
| Discretionary | \$145,532,396 | 93.23% |
| Non-Discretionary | \$10,569,610 | 6.77% |
| Total | \$156,102,006 | 100.00% |

- Non-discretionary expenditures include rent on the Galvez building and health insurance for retirees.



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STATUTORY DEDICATIONS

Environmental Trust Fund

Environmental Trust Fund (ETF) revenues are generated through the collection of permits, licenses, registrations, variances, and monitoring fees charged by DEQ to facilities whose operations impact the environment. The formula used to assess fees should be equal to the annual cost of maintenance, permitting, monitoring, investigation, administration and other activities required of DEQ. The ETF has recurring revenue of about \$58 million; however, annual expenditures out of this fund exceed this revenue. This shortfall has been supported with ETF balances in the past and a state general fund transfer of \$8.5 million in FY 08. The fund balance will be exhausted in FY 10-11 and state general fund will have to make up the difference or expenditures will have to be reduced. Future year projections show a \$3 million deficit in FY 10-11 and a recurring deficit thereafter.

| ENVIRONMENTAL TRUST FUND IN MILLIONS | | | | |
|--------------------------------------|----------|----------|----------|----------|
| | FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 |
| Revenues | \$58 | \$58 | \$58 | \$58 |
| Carry forward | \$24 | \$18 | \$8 | \$0 |
| Total Available | \$82 | \$76 | \$66 | \$58 |
| Expenditures | \$64 | \$68 | \$69 | \$71 |
| Balance | \$18 | \$8 | (\$3) | (\$13) |



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SALARIES

- \$50 million on salaries and \$16 million on related benefits
Total Salaries and Related Benefits = \$66 million or 42% of the total budget
- Average Salary for the Department = \$52,466



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POSITIONS

- 953 positions (946 classified and 7 unclassified)
- As of 1/1/09, the department had 45 vacancies (of the 45 vacancies, 20 were part of the hiring freeze and were subsequently eliminated)

5 yr historical vacancy rate = 54 positions

| FY 06-07 | FY 07-08 | FY 08-09 | FY 09-10 Requested |
|----------|----------|----------|-----------------------|
| 986 | 994 | 933 | 953 |

The Governor eliminated 41 vacant positions and \$3 million in related funding from DEQ's FY 08-09 budget. The number of authorized positions has declined from a high of 1,063 authorized positions in FY 2000-01.



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TRAVEL

The Department of Environmental Quality has \$1 million budgeted for travel in the current fiscal year. This is 0.6% of their total budget.

| Type of Travel | FY 08-09 Budget |
|----------------------------------|--------------------|
| In-State Administrative | \$8,500 |
| In-State Conferences | \$293,928 |
| In-State Field Travel | \$462,560 |
| <u>In-State IT/Training</u> | <u>\$98,800</u> |
| Total In-State Travel | \$863,788 |
| Out-of-State Administrative | \$2,000 |
| Out-of-State Conferences | \$88,740 |
| Out-of-State Field Travel | \$5,900 |
| <u>Out-of-State IT/Training</u> | <u>\$50,000</u> |
| Total Out-of State Travel | \$146,640 |
| TOTAL TRAVEL | \$1,010,428 |